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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 23, 2012

Kit Pappas, Manager of Engineering and Environmental Compliance
America West Resources, Inc.
3266 South 125 West
Price, Utah 84501

Subject: 3rd Quarter 2012 Coal Fines Monitoring Report at Wildcat Loadout

Dear Mr. Pappas:

The Division received the 3rd Quarter Coal Fines Monitoring report which was prepared by Mr. Tom Paluso of Environmental Industrial Services and forwarded by you to Mr. Pete Hess of the DOGM Price Field Office.

The installation and marking of eleven North and fourteen South monitoring points on the east side of the permit area provided improved data for the third quarter of 2012. My review determined that fines are deposited more heavily when the East stacker is at the 4:30 o'clock position and the West stacker is at the 3 o'clock position, with the wind directly from the West. It should be noted that the monitoring points identified as S1 to S14 have lesser accumulation amounts. This may possibly be due to the production difficulties currently being experienced at the Horizon Mine, and the low volume of coal being placed into storage at the West stacker storage area.

In 2010, both the North and the South monitoring areas had coal fines removed from them using a small dozer. The collected material was deposited in the area permitted for both coal storage and coal mine waste storage on the West side of the railroad tracks. The North and South monitoring areas were then seeded and mulched in October of 2010.

Item #7 of Appendix "P" of the Wildcat mining and reclamation plan very briefly discusses how the fines recovery area will be monitored. Although the 3rd Quarter 2012 monitoring regime and report compiled by Mr. Paluso is a much refined product for meeting the requirements of DO-04, the Division requires that the following be implemented prior to the next monitoring period.



In accordance with the requirements of:

1) **R645-301-244.100**, Protection and Stabilization of all exposed surface areas, and

2) **R645-301-423.200, R645-301-424**, Plan for Fugitive Dust Control Practices;
the Permittee / Operator will implement the following:

- 1) Each stake was placed to represent a specific area, and identified as N1, N2, ...S14, etc. Fourteen stakes were set in the South monitoring area (3.84 acres); eleven stakes were set in the North area, which contains 1.59 acres. In reporting percentage of cover, the report did not specify the area evaluated around each stake. Photographs of each monitoring point were provided with either an ocular estimate of the immediate area about the stake, or a measurement of coal fine depth at the stake itself. Please designate an area about each stake to be evaluated each year for percent cover as described below in item 4.
- 2) The report states that each monitoring point was identified / located using a Trimble GeoExplorer 3 GPS unit. Please provide the GPS co-ordinates for each monitoring point, so data can be coordinated with future monitoring. The life of wooden pegs / lath is limited and we anticipate that the Wildcat Loadout will be in operation for many years to come.
- 3) The Division recommends that five additional monitoring points be installed in the area west of the eastern DOGM permit boundary (four, east of monitoring points N6, N8, N5, N4, and N9, and one additional point east of N1).
- 4) The Division requests that each area being monitored (represented by a stake, with documented GPS location information) be evaluated for percent cover in four ways;
 - a. the percentage of rock cover on the surface;
 - b. the percentage of soil cover making up the surface;
 - c. the percentage of vegetation;
 - d. the percentage covered by coal fines, either in trace amounts or other observed volumes.
- 5) The Permittee should develop a spreadsheet to track the amount of coal fines at each location for each quarter monitored. Yearly information is required by the commitment in the mining and reclamation plan as part of the Annual Report (See MRP, Appendix P, Item 7). This would facilitate comparisons of data.
- 6) The Permittee must update the monitoring protocol in the mining and reclamation plan, Appendix P, item 7 to include the newly established monitoring points with GPS locations and other criteria described above.

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Please address these new permitting requirements prior to conducting the First Quarter of 2013 coal fines monitoring. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Hess". The signature is written in a cursive style with a large, stylized initial "P".

Peter Hess
Environmental Scientist III

PHH/sqs
cc: Priscilla Burton, DOGM
Joe Helfrich, DOGM
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